

New auto I.D.

To allow faster recalls of defective cars & auto equipment, **Vehicle Equipment Safety Commission**—a Federal chartered standard-setting group—has developed a new identification system for all cars & recreational vehicles.

Beginning with 1979 models, a new, 15 character serial number will appear on each car. First 3 digits will designate the manufacturer; second 3 numbers, the car line & body type; seventh, the engine size; eighth, model year; & ninth, the plant of origin. Digits 10 through 15 will identify the individual car.

consumer news

DEPARTMENT OF HEALTH, EDUCATION & WELFARE

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Progress report: Federal agencies report actions taken on regulatory reform

On July 10, 1975, President Ford outlined 4 goals of regulatory reform that he requested all Federal agencies to meet [CONSUMER NEWS: Aug. 1, 1975]: (1) to eliminate outdated or inefficient regulations; (2) to reduce regulatory delays; (3) to increase public participation in the regulatory process; & (4) to identify costs & benefits of regulation to see which are beneficial & which are not.

The President received his first report on April 8 on what the regulatory agencies are doing to achieve these objectives. At that time, the President asked for another progress report by September 15 & asked the agencies to give special consideration to (1) making regulations more understandable; (2) setting priorities for agency reforms; & (3) achieving a 10% reduction in the number of required forms.

The following chart outlines some of the reforms the agencies reported to the President. Due to time limitations, agency heads could only highlight some general programs, so this list is by no means complete.

| AGENCY | Reform to eliminate outdated regulation | Reform to reduce procedural delay | Reform to increase public participation | Reform for economic analysis |
|---------------------------------|---|--|--|--|
| Civil Aeronautics Board | removing restrictions on airlines that are unnecessary; allowing discount fares; | reducing number of reports; set deadline in which CAB must act on petitions; | CAB Office of Consumer Affairs; | analyzing impact of programs. |
| Commodity Futures Trading Comm. | | no regulatory delay; | open meetings; | analyzing impact of programs; |
| Consumer Product Safety Comm. | reviewing inherited regulations transferred from other agencies; | no regulatory delay; | all meetings open; consumer deputies program; public calendar; consumer hotline; | considers economic impact when making any regulatory decision; |
| Federal Communications Comm. | deleted 400 rules in broadcasting; reducing regulation of small businessmen; | overhaul of hearing procedures; | more regional meetings; new Consumer Assistance Office; | conducting program review; |
| Federal Maritime Comm. | reviewing regulations; | speeding up filing of complaints & motions; | | analyzing impact of programs; |
| Federal Power Comm. | reviewing regulations; | reduced number of forms from 50 to 15; | holding public hearings; soliciting public for opinions on issues; | analyzing impact of programs; |
| Federal Trade Comm. | reviewing trade practices rules & guides to update them; expediting investigations; | regional office cases streamlined; codified 12 consumer protection areas into trade regulation rules to reduce delay in enforcement; | providing funds for low-income consumers to participate in proceedings; | conducted cost/study analysis of agency; |
| Interstate Commerce Comm. | reducing number of regulations; removing most rail rate regulations; | | new Office of Public Counsel; consumer hotline; | assessing impact of rate changes on consumers; |
| Nuclear Regulatory Comm. | eliminating inefficient regulations; | reducing number of reports required; | | analyzing impact of programs; |
| Securities & Exchange Comm. | withdrawn 28 rule proposals; | reducing number of forms; streamlining administrative proceedings; | | analyzing impact of programs; |

Which IRA?

Although many kinds of savings plans are called IRA's, they are not all the same. What they share in common, besides their name, is a tax advantage. Under any IRA plan, consumers can defer income up to 15% of their earnings or a maximum of \$1,500 a year.

But what IRA's do not have in common is how they are set up, how much interest they pay & how risky they are. IRA's also differ because of the number of institutions that offer them.

To help consumers compare competing IRA's, CONSUMER NEWS relied on Joe A. Mintz, author of *A Shopper's Guide to Individual Retirement Accounts*, & his list of most common IRA investments:

- Government bonds—Federal Government issues a special IRA bond with a current interest rate of 6% compounded semiannually. Interest rates on present purchases are guaranteed to your age of 70½—regardless of your age this year.

- Savings certificates—Many savings & loan associations offer savings certificates as a form of IRA investment. However, they can vary considerably in the interest they pay: Some pay a minimum of 5.25% while others go as high as 7.75%.

- Bank IRA's—Banks that have IRA accounts offer savings accounts & certificates of deposit (a form of a savings certificate). Interest rates vary significantly with current rates ranging from 5% to 7.5% compounded in several ways.

- Mutual funds—Many mutual funds accept IRA deposits.

- Credit unions—Credit unions (as well as other kinds of employee associations) can accept IRA funds. As with most other IRA plans, interest rates & the flexibility of the plans can vary considerably.

- Retirement insurance policies—Life insurance companies offer various IRA plans, including retirement income policies. Under this form of investment, your heirs will be paid a sum at your death &, if you live to retirement age, another amount will be paid to you.

- Annuity plans—Although sold by life insurance companies, an annuity is not life insurance. It is a form of savings that, when matured, will pay income to you &/or your spouse for the rest of your life. You can buy an annuity with annual IRA contributions, or you can wait until retirement to buy an annuity with funds transferred from other IRA funds.

For more information on types of IRA investments & how to compare them, you may want to order the *Shopper's Guide to IRA's* by sending \$1 to Consumer News Inc. [not us], 813 National Press Bldg., Washington, DC 20045. You may also want to consult with your local library for references on IRA's & other investments.

Q&A about IRA

Although originally designed as a new way for consumers to build up retirement income, individual retirement accounts—or IRA's—have now become a source for consumer confusion. Created by the Employee Retirement Income Security Act of 1974, IRA's were established to give individuals not covered by pension or profit sharing plans a way to start their own pension fund. But according to 2 Federal agencies—**Internal Revenue Service (IRS) & Federal Trade Commission (FTC)**—the rush to sell IRA plans to consumers has resulted in a lack of information comparing types of IRA's & has produced some hasty decisions by consumers who thought they were getting more from the plans than they are.

Confusion over IRA's began in September 1974 when the new pension law went into effect. To promote the sale of IRA's, many insurance companies, banks & other financial institutions began advertising the tax advantages of these accounts & urged consumers to invest in a plan before the end of the 1975 tax year. As a result, many consumers—who did not have information to compare competing plans—entered into an agreement for a particular IRA plan & later found it did not provide them with the interest or tax advantages that they thought. Because many investors were unsatisfied with their plans, IRS on Dec. 15, 1975, issued a policy statement describing the means by which a consumer could get out of an unsatisfactory IRA investment without adverse tax consequences [CONSUMER NEWS: Jan. 15]. This IRA policy lasted until last month—the April 15 deadline for filing 1975 income tax returns.

Now that this policy is no longer in effect, consumers who are thinking about an IRA investment will have to be more careful. To help consumers make a more informed decision about IRA's, FTC has issued a *Buyer's Guide* on the subject. FTC also is investigating the advertising & sales techniques for IRA's to learn if the way in which IRA's are sold is misleading consumers. While this investigation is in progress, FTC will not advise consumers whether to invest in IRA's or which type to select. However, through the guide, FTC has asked questions about IRA's that consumers should try to answer for themselves before investing in the IRA plan. Questions include the following:

Q. Are IRA's for you? ♦ According to FTC, you should look at IRA's as an investment for your retirement. As with most investments with tax benefits, you will have to bear certain costs, risks & restrictions to get the benefits.

Q. What tax break can you get from an IRA plan? ♦ Since one of the main reasons for opening an IRA is to capitalize on certain tax advantages, you should know what benefits you actually can & cannot get. FTC says never accept a claim that your investment is "tax free." It is not.

Q. How flexible is the plan? ♦ Since your contributions will be based on your earnings, you may not be able to contribute the same amount each year. You may even want to skip a year. Some plans offer this flexibility; others do not.

Q. What fees & other charges will you pay for an IRA? ♦ Not all the money you pay for an IRA becomes part of your savings for retirement.

Q. What is "guaranteed" under the IRA? ♦ Know what interest rate is actually guaranteed under the plan (if any). Some guarantees may be for a limited time, such as the first few years; others are for the entire period.

Besides answering these questions, FTC suggests that you look at advertising & other materials on IRA's carefully before making a selection. For more information, you may want to get *Tax Information on Individual Retirement Savings Programs*, from your nearest IRS office. FTC's *Buyer's Guide* is free from Legal & Public Records, Room 130, Federal Trade Commission, Washington, DC 20580. Also, **Pension Benefit Guaranty Corp.'s IRA's: Plan for Your Retirement** is available for 35¢ from Superintendent of Documents, **Government Printing Office**, Washington, DC 20402 (check or money order payable to Supt. Documents).

FCC temporary CB permit

For the convenience of our CONSUMER NEWS readers, CN has reproduced the new **Federal Communications Commission (FCC)** temporary license form, with FCC's permission, that will allow would-be CB radio operators to go on the air immediately. Simply cut out the form, follow the instructions for filling it out & keep it as your temporary permit.

FCC FORM 555-B
April 1978

1 Instructions

- Use this form only if you want a temporary permit while your regular application, FCC Form 505, is being processed by the FCC.
- Do not use this form if you already have a Class D license.
- Do not use this form when renewing your Class D license.

2 Certification

Read, Fill In
Blanks, and Sign

I Hereby Certify:

- I am at least 18 years of age.
- I am not a representative of a foreign government.
- I have applied for a Class D Citizens Radio Station License by mailing a completed Form 505 and \$4.00 filing fee to the Federal Communications Commission, Box 1010, Gettysburg, PA. 17325.
- I have not been denied a license or had my license revoked by the FCC.
- I am not the subject of any other legal action concerning the operation of a radio station.

Name _____

Signature _____

Address _____

If you cannot certify to the above, you are not eligible for a temporary permit.
Willful false statements void this permit and are punishable by fine and/or imprisonment.

Date Form 505 mailed to FCC _____

3 Temporary Call Sign

- Complete the blocks as indicated.

Use this temporary call sign until given a call sign by the Federal Communications Commission.

K
Initial of Applicant's First Name Initial of Applicant's Last Name Applicant's Zip Code

4 Limitations

Your authority under this permit is subject to all applicable laws, treaties and regulations and is subject to the right of use or control by the Government of the United States. This permit is valid for 60 days from the date the Form 505 is mailed to the FCC.

You must have a temporary permit or a license from the FCC to operate your Citizens Band radio transmitter.

Do Not Mail this form, it is your Temporary Permit.

Swine flu

To guard against a nationwide epidemic of a flu strain called "swine influenza," President Ford has signed a bill appropriating \$135 million for the production of a vaccine to inoculate everyone in this country [CONSUMER NEWS: April 15].

Federal funds are being used to produce a vaccine that will be available to everyone—at public health clinics, doctors' offices, places of employment & other selected sites. Depending on location, consumers may have to pay for the inoculation service.

Food & Drug Administration (FDA) is conducting tests to determine what strength of the vaccine will provide the best protection. Test results should be available by early June—in time to establish the dosage so manufacturers can begin producing the vaccine for the fall swine flu shots.

FCC: 10-4 to CBers

Federal Communications Commission (FCC) has made it easier for consumers to get a license to operate a citizens band (CB) radio [CONSUMER NEWS: Feb. 15—otherwise known by the handle of "buyers' buddy"—]. To deal with the more than 500,000 applications for CB licenses that FCC receives a month, FCC has developed a new system of temporary licensing for CB radios while it processes applications for permanent licenses. New system works like this:

To qualify for a temporary license, a consumer must fill out a special form—Form 555-B—which is available at most stores that sell CB radio equipment. In addition, the consumer must fill out FCC Form 505—Applications for Class C or D Station License in the Citizens Radio Service (this is for the permanent license)—& mail it along with \$4 to the FCC, Box 1010, Gettysburg, PA 17325. Once Form 555-B is filled out & Form 505 is mailed, the applicant can operate a CB radio for a temporary 60-day period that starts on the date that the Form 505 is mailed.

During this period, consumers can assign themselves temporary call signs or letters. A temporary sign consists of the letter "K" followed by the initials of the applicant's first & last names & applicant's zip code. For example, John Doe with a zip code of 20554 would use the call sign KJD 20554.

According to FCC, consumers who have submitted Form 505 for a permanent license within 60 days may also fill out Form 555-B & legally begin to operate the CB radio as explained above. FCC said, however, that this temporary license does not apply if a consumer is renewing a Class D (CB) license or is under 18 years old.

To find out more about temporary & permanent CB licenses—write Federal Communications Commission, Room B-10, 1919 M St. NW, Washington, DC 20554, or any of the FCC regional offices (the address is listed in your telephone book).

Hog cholera

Agriculture Dept. has announced an outbreak of hog cholera—which does not affect humans—in New England. Although there is no danger to humans, uncontrolled hog cholera could affect the nation's pork supply.

Agriculture believes the cause of the outbreak is a special vaccine for hogs that has been banned in most states. Outbreak of the disease has been in Rhode Island & Massachusetts—two states where the vaccine has not been banned.

Agriculture is working with state & local health officials to keep the hog cholera from spreading.

Recalls

AUTOS—Environmental Protection Agency (EPA) announces the recall of 138,000 Volkswagen Rabbits & Sciroccos. According to EPA, Volkswagen is voluntarily recalling about 120,000 1975-model Rabbits & Sciroccos because of a possible overheating problem with the catalytic converter—device used to filter harmful gases out of the exhaust—and a suspected malfunction in fuel evaporation control system. Another 18,000 1976 models are also being recalled to repair the evaporation system problem.

What to do: If you have one of these affected VW cars, you will receive a letter from VW telling you to bring the car into your dealer to have the repairs made free of charge. VW will check all affected cars to make sure that the catalytic converter is still working & will install on all vehicles built prior to July 1975, a device to protect the converter from overheating.

KITES—Consumer Product Safety Commission (CPSC) announced that more than 30,000 aluminum-coated kites are being recalled because their tails could pose a severe shock hazard if they touch power lines. Kites involved were manufactured by 3 San Francisco companies—Little People Kites, Quick Silver Kites & San Francisco Kite Factory—during the years 1973 to 1975. Companies have voluntarily agreed to either replace the kite or refund consumers their money—depending on the company involved.

What to do: If you think you may have one of these aluminum kites, CPSC advises that you first contact the store where you bought the kite for more information. You can also call CPSC's toll-free hotline at 800-638-2666 (in Maryland, call 800-492-2937).

FSLIC: a definition

If you have a savings account at a savings & loan association (S&L), your money is probably insured by FSLIC—**Federal Savings & Loan Insurance Corp.** FSLIC is a permanent government corporation under **Federal Home Loan Bank Board** &, like **Federal Deposit Insurance Corp.** (FDIC) [CONSUMER NEWS: April, 15], it will insure your account up to \$40,000 if the S&L goes into default.

FSLIC also acts in other ways to make sure that your money is safe:

- It can lend money to a failing S&L or can arrange for it to merge with a financially healthy S&L.

- It can take over “bad” loans—such as loans made on incorrect appraisals—that the S&L has made.

- It can cancel an institution's default insurance, with 2 years' notice to consumers, if there is a problem of S&L mismanagement or incompetence. If the situation is serious—and it looks like the S&L will go into default (S&Ls cannot declare bankruptcy)—FSLIC can arrange for the S&L's officers to be removed.

- If an S&L does have to be closed, & a consumer wants to withdraw his account—even though his money is completely safe in his S&L account while waiting for the S&L to reorganize & reopen—FSLIC will arrange for him to be paid off up to the insured amount.

FSLIC's dealings with a default or near-default S&L usually have no effect upon the consumer or his account. In fact, the consumer's only contact with FSLIC probably would be a letter telling him of any changes in his S&L's management & assuring him that his deposits are still safe. Only problem a consumer might have would be for his address to be incorrectly listed or filed.

FSLIC only insures accounts against default, but it does provide S&Ls with guidelines for recommended coverage against losses due to theft or natural disaster. If you want to know if your savings are covered by FSLIC, look for signs in the S&L or ask S&L personnel. For more information on FSLIC insurance, *Your Insured Savings Account* is available by writing Information Office, Federal Home Loan Bank Board, 320 1st St. NW, Washington, DC 20552.

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